

PEGASUS METALS LIMITED



28 May 2015

Resolution of McLarty Range Dispute with Joint Venture Partner

Pegasus Metals Limited (ASX: PUN) (**Company** or **Pegasus**) wishes to advise that after ongoing negotiations with Kimminco Pty Ltd, the Company's joint venture partner at the McLarty Range Project, the parties have reached a settlement to resolve the previously announced dispute in relation to the project.

The terms of the settlement are as follows:

- Pegasus has agreed to withdraw from the McLarty Range Project, and exploration licences E04/1441 and E04/2267, and tenement application E04/2338 will now revert to being owned 100% by Kimminco Pty Ltd;
- Kimminco Pty Ltd has agreed to transfer to third parties, 3,750,000 shares it holds in the Company, and to the buy-back of 6,900,000 remaining shares it holds in the Company by Pegasus. The buyback is being undertaken for nil consideration and will be conditional upon shareholder approval being obtained in accordance with the *Corporations Act 2001* (Cth) at a shareholder meeting to be convened in due course;
- Pegasus has agreed to make a contribution of \$12,500 to legal costs incurred by Kimminco Pty Ltd in relation to this dispute; and
- Kimminco Pty Ltd has agreed to withdraw its notice under section 249D of the *Corporations Act 2001* (Cth) requisitioning a meeting of shareholders.

Once the conditions of the Deed of Release agreed between the parties are completed, Pegasus looks forward to continuing to develop the Company's flagship Mt Mulcahy project, to review additional corporate opportunities, and to work with its key stakeholders to create value for all shareholders.

ENDS

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